

**House of Representatives
Finance
Committee Meeting Schedule - Interim 2004**

| DATE | TIME | LOCATION | COMMITTEE | SUBJECT | TYPE |
|-----------------|-------------|-----------------|------------------|--|--------------|
| September 20-21 | TBA | Olympia | Full Committee | Work session: 1. Economic and revenue forecast update. 2. Interim projects update. | Work Session |
| December 2-3 | TBA | Olympia | Full Committee | Work session: 1. Economic and revenue forecast update. 2. Interim projects update. | TBA |

Project Title: Fiscal Notes for Revenue Bills

Project Goal:

Provide the committee with more information on the current assumptions and methodology used in the fiscal note process, and evaluate the desirability of including dynamic modeling as part of fiscal note methodology.

Project Description:

Almost all bills referred to the Finance Committee need fiscal notes to estimate the revenue impact. Legislators often have questions about the assumptions and methodology used in fiscal notes for bills that present complex issues. These issues include questions about the impact of tax incentives on employment and job growth, whether tax incentives can be "self-funding" via an increase in revenue due to economic stimulation, how to separate the growth resulting from a tax incentive from the growth that would occur absent the incentive, and the effects of this growth on the costs of government services. This project will provide committee members with information about fiscal note methodology which will help the members evaluate fiscal notes for future legislation.

Number & Type of Meetings: 1 or 2 work sessions at legislative assembly

Completion Date: December 15, 2004

Staff Assigned: Rick Peterson

Project Title: Streamlined Sales Tax Implementation

Project Goal:

Provide continuing analysis of the problems presented by the Streamlined Sales and Use Tax Agreement.

Project Description:

The Streamlined Sales and Use Tax Agreement is a multi-state effort to simplify state sales and use tax structures and make them more uniform. Washington has joined the agreement, but like some other states has only partially implemented the agreement with specific legislation. This project involves a review of the options regarding implementation and looking at developments in the other states which are parties to the agreement.

Number & Type of Meetings: 1 work session at December legislative assembly

Completion Date: December 15, 2004

Staff Assigned: Mark Matteson

Project Title: Tax Preference Accountability and Review

Project Goal:

Provide legislators with information they can use to evaluate proposals that involve accountability review of tax preferences, to improve both analytic tools and public confidence in the tax system.

Project Description:

Tax exemptions, exclusions, deductions, credits, deferrals, and preferential rates are known as tax preferences. Questions about the number, magnitude, and beneficiaries of tax preferences have been controversial issues for decades. Some tax preferences have been attacked as "loopholes." The Washington Legislature has considered legislation designed to comprehensively review, limit, or perhaps terminate various tax preferences since 1982. In recent years, questions about tax preferences have arisen as part of a general interest in improving government accountability. These issues also received high visibility in other states and at the federal level.

During the 2003 and 2004 session, several bills were introduced regarding review or limitation of tax preferences. None were enacted. HB 1737 repeals outdated and unused tax exemptions, deductions, credits, and deferrals. HB 1869 creates a citizen commission to do performance audits for tax preferences with annual reports to the legislature. HB 2654 requires a tax preferences report to be produced every two years with the Governor's budget, with a determination as to whether each tax preference is the most fiscally effective means to achieve its purpose. HB 2762 provides mandatory accountability standards for all tax preferences, and limits eligibility to firms that meet these standards. HB 2930 limits the total value of tax preferences to 78% of the projected state expenditure limit. HB 3063 requires the Joint Legislative Audit and Review Committee to review property tax exemptions every six years. In addition, a number of new tax preferences were proposed or enacted during the last two years. Many of these, including tax relief legislation for aerospace, semiconductor manufacturing, high-technology research, and aluminum smelting, included specific "accountability" provisions designed to ensure future legislative review of the tax relief provisions. These accountability provisions drew a good deal of attention and controversy.

This interim project is intended to provide legislators with information they can use to evaluate proposals that involve accountability review of tax preferences, including updated information on approaches used in other states, analyses provided by academic commentators, and possible components that might be included in tax preference accountability laws.

Number & Type of Meetings: 1 or 2 work sessions at legislative assembly

Completion Date: December 15, 2004.

Staff Assigned: Bob Longman